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UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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Mailed: September 12, 2005

Cancellation No. 92044355

CARSONITE INTERNATIONAL CORP

v.

ENERGY ABSORPTION SYSTEMS, INC.

Before Seeherman, Quinn and Walters, Administrative Trademark Judges.

By the Board:

This case is before the Board for consideration of respondent's motion (filed May 11, 2005) for judgment on the pleadings under Fed. R. Civ. P. 12(c). The motion has been fully briefed.[1]

As a threshold matter, we note that we have treated respondent's motion as a motion for summary judgment under Fed. R. Civ. P. 56(c), because respondent submitted matters outside the pleadings that have not been excluded by the Board. See TBMP § 502.03 (2d ed. rev. 2004).

To prevail on its motion for summary judgment, respondent must establish that there is no genuine issue of material fact in dispute, thus leaving the case to be

resolved as a matter of law. Fed. R. Civ. P. 56(c). If respondent meets its initial burden, the burden then shifts to petitioner to present sufficient evidence to show an evidentiary conflict as to one or more material facts in issue. See *Opryland USA Inc. v. Great American Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992). In considering whether to grant or deny a motion for summary judgment, the Board may not resolve issues of material fact, but can only ascertain whether genuine disputes exist regarding such issues. The evidence must be viewed in a light most favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. *Lloyd's Food Products Inc. v. Eli's Inc.,* 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993); *Opryland USA, supra*.

In support of its motion for summary judgment, respondent, Energy Absorption Systems, Inc. ("EAS"), submitted copies of two decisions from the United States District Court for the District of South Carolina, Beaufort Division, involving EAS and petitioner, Carsonite International Corporation ("Carsonite").[2] EAS contends that

[1] We have considered respondent's reply brief as it clarifies the issues before us. See Trademark Rule 2.127(a).

[2] *Carsonite International Corporation and Omega Pultrusions Inc. v. Energy Absorption Systems, Inc. and Safe Hit Corporation*, C.A. No. 9:04-1270-23, in the United States District Court for the District of South Carolina, Beaufort Division (October 9, 2004). *Energy Absorption Systems, Inc., v. Carsonite International Corporation*, C.A. No. 9:05-0771-23, in the United States District Court for the District of South Carolina, Beaufort Division (June 9, 2005).

these decisions upheld the parties' 1993 agreement (the "Settlement Agreement"), wherein EAS licensed petitioner, Carsonite International Corporation ("Carsonite"), to use its mark and wherein the parties agreed to submit any dispute they may have concerning "any provision, right, or obligation under this Agreement" to binding arbitration.

EAS contends that the federal district court decisions, twice upholding the arbitration clause in the Settlement Agreement, preclude Carsonite from bringing a cancellation petition in this forum before the parties have submitted to binding arbitration. Accordingly, EAS asserts, this case must be dismissed. Additionally, EAS contends that the doctrine of licensee estoppel provides another basis for dismissal and that Carsonite cannot prove that EAS committed fraud in the procurement of its registration.

In the first district court case, the court dismissed Carsonite's declaratory judgment action and ordered the parties to pursue arbitration. The court defined the issues before it as follows: "Plaintiffs seek a declaratory judgment that Carsonite's FlexGuard delineator is not infringing the configuration in the '348 registration ('Count One') and ask the court to cancel the allegedly invalid '348 registration ('Count Two')." In a footnote, the Court added that Carsonite's complaint had been amended

to specifically include "facts regarding 'the fraudulent manner in which Defendants' asserted trademark registration was obtained.'" *Carsonite, supra,* C.A. 9:04-1270-23 at ft. 5.

In the second case, filed by EAS to compel arbitration, the court incorporated "the reasoning and conclusions contained within the [first court] Order without a further recitation;" framed the issue before it as one seeking only to compel arbitration; found that "the settlement agreement contemplates … that arbitration is the appropriate forum for any dispute, including, for example, the validity of a registered mark;" and further found that "Carsonite's claim that the '348 registration is invalid unquestionably constitutes 'a dispute [sic] between the parties' [that], as this court has ruled once before, must be submitted to arbitration." *Energy Absorption Systems, supra,* C.A. No. 9:05-0771-23 at pp. 4-5, ft. 5, and pp. 6-7.

The court granted EAS's motion to compel arbitration, denied Carsonite's motion to stay proceedings pending the outcome of this cancellation action; and ordered the parties to submit to arbitration within its district.

Under the doctrine of collateral estoppel, or issue preclusion, if an issue is actually and necessarily determined by a court of competent jurisdiction, that

determination is normally conclusive in a subsequent suit involving the parties to the prior litigation.[3]

Carsonite does not deny that the parties' agreement contains an arbitration clause or that Carsonite has been ordered by the district court to submit the parties' dispute to an arbitrator. To the contrary, Carsonite concedes that it "is not opposed to binding arbitration settling the dispute with EAS," but only insofar as their dispute involves allegations of trademark infringement and violation of the Settlement Agreement. "However," Carsonite contends, "the question regarding validity of the '348 Registration may best be determined by the Board for at least three reasons: (1) the Board has extensive experience in deciding the issues of fraud and functionality; (2) a district court would normally suspend a civil action and await the determination of the Board regarding such issues; and (3) the Settlement Agreement requiring binding

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[3] The requirements which must be met for issue preclusion are:

> (1) the issue to be determined must be identical to the issue involved in the prior action;
> (2) the issue must have been raised, litigated and actually adjudged in the prior action;
> (3) the determination of the issue must have been necessary and essential to the resulting judgment; and
> (4) the party precluded must have been fully represented in the prior action.

Larami Corp. v. Talk To Me Programs Inc., 36 USPQ2d 1840, 1843-1844 (TTAB 1995), citing *Lukens Inc. v. Vesper Corporation*, 1 USPQ2d 1299 (TTAB 1986), aff'd Appeal No. 87-1187 (Fed. Cir. 1987).

arbitration also precludes discovery during arbitration, making an appropriate determination more difficult." *Response Memorandum Opposing EAS's Motion for Judgment on the Pleadings,* p. 7.

Carsonite fails to show a genuine issue of material fact exists as to whether collateral estoppel applies in this case. The arguments Carsonite raises herein against submitting this dispute to arbitration were raised in the prior court actions. Specifically, Carsonite already argued that it needed extensive discovery to prove fraud and that the Board is best suited to determine issues of fraud. Moreover, the court did not suspend its case pending the outcome of this cancellation action, as Carsonite argues a court would likely do, despite having Carsonite's motion to stay before it for consideration. Rather, the court denied Carsonite's motion to stay proceedings and granted EAS's motion to compel arbitration.

The issue of whether the parties must arbitrate their trademark dispute was raised, litigated and adjudged in the prior actions. It was necessary and essential to the resulting judgments, and the parties were fully represented in the prior actions. Carsonite has not raised any genuine issues of material fact that show why Carsonite should not be precluded from pursuing the petition to cancel.

Accordingly, we hold that Carsonite is collaterally estopped from bringing a cancellation action against EAS's registration at this time. In view thereof, we need not reach the questions of whether licensee estoppel provides another basis for dismissal or whether EAS has established the absence of a genuine issue of material fact that it did not commit fraud in the procurement of its registration.

Respondent's motion for summary judgment is hereby granted and the petition to cancel is dismissed.